

WBB Newsletter - July 2011

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Family Trusts – The Story Continues

The Law Commission's review of Family Trusts continues. A paper on Trustees' duties, the office of Trustee, trust administration, and trustees' powers is due out shortly, with the final analysis - on trading trusts, the potential registration of trusts and the obligations of trust advisors - to be delivered to Government in approximately 3 months' time.

It appears we are heading for a major shake up on the entire manner in which trusts operate and are administered. As your accountants (and for some of you, your professional trustees) we're on a mission to ensure your Family Trust's administration processes are robust. If you haven't heard from us yet, you may well soon....

Shareholding Changes

We've recently heard of cases where business owners have decided to make shareholding changes in their companies, have gone online to the Companies Office website and Bob's your Uncle, shareholding changes updated!

Actually, it wasn't such a smart idea as it turns out. Changing shareholding in your company without talking to us first can have dire tax consequences. These consequences can be far reaching. Continuity of losses carried forward can be affected, imputation tax credits can be lost forever, and under the new Look Through Company regime the flow of losses will be affected.

Moral of the story? Talk to us when you're contemplating share changes. Even better, get us to be your Registered Office. In fact, we do this for most of our clients. We'll file your annual return for you, and we'll make sure you comply with all of your statutory records requirements under the Companies Act. Please note that while the Companies Office is required to be updated regarding shareholding changes once a year (with the annual return) the only legal register of shareholdings is a Company's own Share Register.

Depreciation Allowances

While depreciation allowances on most building structures ended on 1 April this year, depreciation can still be claimed on a wide range of commercial and industrial building fit-out assets.

Just before Christmas, legislation was passed confirming that depreciation will continue to be allowed on building services assets such as lifts, air conditioning systems, plumbing and electrical reticulation in commercial buildings. The legislation recognises the practical reality that fit-outs in commercial, retail and industrial buildings suffer significantly higher wear and tear when compared to residential property.

Those clients who have never separately itemised the building fit-out assets acquired at the same time as the building can now take 15% of the building's adjusted tax value (that's the original cost price of the building less any depreciation claimed so far) less the adjusted tax value of any separately itemised fit-out assets acquired subsequent to acquisition of the building, call it fit-out and depreciate it at the rate of 2% for the 2011-12 year onwards.

For all new property purchases, building and fit-out assets should be properly segregated at acquisition date.

Acquisition and Financing for Growth

In the current business climate we are seeing more of our clients investigating acquisition as a strategy for growth in their business. With Banks looking to get alongside and support "good" businesses we are working closely with business owners during the due diligence exercise and helping to produce budgets and cash flows to support lending. If you are interested in finding out more about this please give Lewis, Phil or Brett a call.

Customer Invoice Financing

Over the last month we have assisted two of our clients refinancing their Customer receivables. This is a great financing product where a business has a bankable Debtors Ledger (very few customers aging into 90 days) with reliable invoicing software, good collection procedures and a need to finance debt without using bricks and mortar as security. In most instances a financier will fund up to 80% of your Debtors ledger with the main security being the debtors invoices themselves.

If you are interested in finding out more about this financing solution, please give Josie or Lewis a call.



Triplejump

As part of good business practice we believe it is important that our clients have considered the impact of any potential risks in their business and have structured a robust plan to protect the solvency and value of the business. One of the biggest areas of potential exposure to any small to medium business is its people.

We have seen first hand experience of business owners who thought that they had these risks protected but did not. This ensured a complicated, distressing and expensive process to resolve the issues. The tragic events in Christchurch have again highlighted the need to plan for the unexpected.

In 2010 we formed Triplejump Takapuna together with an experienced insurance risk practitioner Brett Bell-Booth. The relationship is working really well with a number of clients taking on solutions to adequately protect themselves from risk exposures. Equally we have done the same here at WBB Chartered Accountants.

The Triplejump advice process has been developed to ensure it is compliant with international standards, exceeds best practice, and is non-aligned to any Insurer providing a comprehensive overview of the market offering. Most importantly Triplejump provides a comprehensive assessment and analysis of the client's potential risks and provides clear and articulate solutions to clients.

If you would like further information or want to organise a complimentary risk review please call Brett Mathers on 09 486 5872.

Important Date - Provisional Tax

Provisional Tax - the 1st instalment of Provisional Tax for the 2012 tax year for most clients will be due 28th August 2011. For those clients that are GST registered, you will pay your Provisional Tax at the same time as you pay your July 2011 GST, on the single GST and Provisional Tax Return (GST103) which is due 28th August 2011.

If you want to be organised and know what important dates are coming up, then have a look in our website under "Tools & Resources" and click on "Key Dates", all important dates are there for any month.

WBB Website

Remember – our WBB website is only a click of your mouse away. Our latest newsletters and legislation changes are available for your convenience in your own time.
That's www.wbb.co.nz



Team Update

We are pleased to advise that three new people have joined the WBB team since our last newsletter.

Ann Walker joined us on the 7th of June. Ann's background is in Chartered Accounting and she has come to us from another local Takapuna firm. She is born and bred on the North Shore and likes nothing better than to see local businesses thrive. Ann is looking forward to new challenges and joins us in the capacity of Associate, primarily looking after our small business advisory area.

Linda Andersen started with us on the 7th March. Linda has taken up the position of Client Service Administrator and will assist our accounting team in looking after your compliance needs. Linda has a clerical background, predominantly in credit control, however, because of her interest in accounting, has been studying full time for the last 3 years towards her accounting degree. Linda will continue her studies part time while working at WBB. No doubt you will speak with her on the telephone soon as she calls to arrange annual interviews, book appointments and chase work in.

We also welcomed Janelle Coombridge on the 14th of June. Janelle joins us part-time in the role of executive assistant working with Phil Welham. Janelle has a background in property project management and compliance training and education and has most recently been responsible for the writing/re-writing of educational material for a newly established Real Estate organisation. She will be assisting Phil to complete and implement the many projects he has on the go and will also try and get him to adhere to his calendar!

Regards

Phil, Lewis, Brett, Josie and the Team

